

Message Text

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ACTION EA-06

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 663

C O N F I D E N T I A L JAKARTA 10604

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJECT: POSSIBLE MAJOR NEW OIL FINDS

REF: (A) JAKARTA 10101, (B) JAKARTA 9020

1. PERTAMINA PRESIDENT DIRECTOR HARYONO TOLD EMBASSY OFFICIALS TODAY THAT TOTAL INDONESIA (FRENCH) HAS FIRMED UP MAJOR NEW OIL FINDS IN ITS EXISTING HANDIL FIELD OFFSHORE EAST KALIMANTAN. HARYONO BELIEVES DEVELOPMENT OF THESE NEW AREAS COULD INCREASE TOTAL PRODUCTION FROM 200,000 -- 250,000 BARRELS PER DAY IN 1978 TO 500,000 -- 600,000 BARRELS A DAY IN 1984/85.

2. HARYONO SAID IT WILL BE 12 TO 18 MONTHS BEFORE TOTAL CAN BEGIN TO DEVELOP THESE AREAS AND INITIATE COMMERCIAL PRODUCTION. HE THOUGHT TOTAL OUTPUT MIGHT HIT 300,000 TO 40,000 BARRELS PER DAY BY 1982/83. HE NOTED THESE POSSIBLE INCREASES HAD NOT BEEN INCLUDED IN PERTAMINA'S PRODUCTION FORECAST FOR REPELITA III. (SEE REFTEL A).

3. AS A RESULT OF THIS AND OTHER ENCOURAGING EXPLORATION AND DEVELOPMENT DRILLING (SEE REFTEL B), HARYONO LABELED HIMSELF AS "OPTIMISTIC" ABOUT INDONESIA'S MEDIUM TERM CRUDE PRODUCTION, NOTING THAT HIS ESTIMATES OF INCREASES
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IN TOTAL PRODUCTION ALONE COULD OMPENSATE ENTIRELY FOR EXPECTED DECLINES IN EXISTING FIELDS THROUGH MID 1980'S.

4. IN MEETING WITH TOTAL OFFICIALS YESTERDAY, PETROFF WAS TOLD THAT RUMORS OF A BAG TOTAL DISCOVERY WERE NOT ACCURATE. TOTAL OFFICIALS GAVE CONSERVATIVE ASSESSMENT OF CO'S PETROLEUM PRODUCTION, ESTIMATING IT AT ABOUT CONSTANT THROUGHOUT 1983. WHEN

ASKED DIRECTLY ABOUT POSSIBILITY OF HANDIL'S RESERVES BEING
SIGNIFICANTLY LARGER THAN HERETOFORE THOUGHT, TOTAL GEOLOGIST
ACKNOWLEDGED THE POSSIBILITY BUT GAVE NO INDICATION THAT ANY RECENT
WORK
HAD ESTABLISHED NEW RESERVES.

5. EMBASSY COMMENT: IF HANDIL FIELD CAN PRODUCE IN THE AMOUNTS
HARYONO HAS TOLD US, THE MEDIUM, AND EVEN LONGER TERM OUTLOOK
FOR INDONESIAN PRODUCTIVE CAPACITY AND PETROLEUM REVENUES MUST
BE CONSIDERED EXCELLENT. WE WILL SEEK TO DEVELOP FURTHER INFORMATION
ON THIS AND WASHINGTON OFFICIALS MAY WISH TO DISCUSS IT,
AS PART OF THE OVERALL INDONESIAN PETROLEUM OUTLOOK,
WITH HARYONO NEXT WEEK.
GARDNER

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